

ILLINOIS POWER COMPANY
DOCKET NOS. 00-0259, 00-0395, 00-0461 (CONS.)
PREPARED SURREBUTTAL TESTIMONY OF
JACQUELINE K. VOILES
SEPTEMBER 22, 2000

ILLINOIS
COMMISSION
SEP 27 1 49 PM '00
CHIEF CLERK'S OFFICE

I. WITNESS INTRODUCTION

1
2 1. Q. Please state your name, business address and present position.

3 A. Jacqueline K. Voiles, 500 South 27th Street, Decatur, Illinois 62521. I am the
4 Manager of Delivery Services in the Business Development Services Department of
5 Illinois Power Company ("Illinois Power", "IP" or "Company").

6 2. Q. Have you previously submitted testimony and exhibits in this proceeding?

7 A. Yes, on July 7, 2000, I submitted prepared direct testimony and exhibits identified
8 as IP Exhibits 3.1 through 3.5 and on September 12, 2000, I submitted prepared
9 rebuttal testimony identified as IP Exhibit 3.6.

10 3. Q. What additional evidence are you presenting at this time?

11 A. I am presenting surrebuttal testimony identified as IP Exhibit 3.7.

II. PURPOSE OF TESTIMONY

12
13 4. Q. What is the purpose of your testimony?

14 A. I am responding to the rebuttal testimony filed September 12, 2000 by Philip R.
15 O'Connor and Tom Bramschreiber on behalf of NewEnergy Midwest, L.L.C. The
16 portions of the testimony of these witnesses to which I am responding deal with
17 Illinois Power's Transition Charges ("TC") and Power Purchase Option Service
18 ("PPO").
19

III. PRICE SHAPING / LOAD SHAPING

5. Q. Do you agree with Mr. O'Connor's and Mr. Bramschreiber's position that IP should be required to change its methodology for applying the PJM adjustment to not only the on-peak prices but also the off-peak prices in order to be consistent with ComEd and Ameren?

A. No, I do not agree. Illinois Power differs from ComEd and Ameren in the application of the market values used to calculate customer PPO bills. Therefore, even if IP were to adopt the PJM adjustment for off-peak prices, differences would still exist between the utilities. As referenced in my rebuttal testimony, the recommendation to change the methodology for applying the PJM adjustment to both the on-peak and off-peak values for Illinois Power is not acceptable for Illinois Power's situation. Illinois Power uses the PJM shaped prices to not only calculate customer TC amounts but also to calculate customer bills under Rider PPO. This is an entirely different situation than for ComEd and Ameren.

6. Q. What is the importance of matching the market values used in calculating customer TC's and PPO bills?

A. Illinois Power calculates customer specific transition charges for customers with demands of 100 kW or greater. For these customers, using the same market values when calculating their TC and their PPO bills insures that the savings a customer expects are realized. Also, this methodology would seem to be in compliance with Section 16-110(b) of the Electric Service Customer Choice and Rate Relief Law of 1997 which states, in essence, that the market values used for PPO bills are the

42 values the electric utility uses to calculate the customer's transition charges. (I leave
43 to the legal briefing stage any statutory interpretation questions).

44 7. Q. If Illinois Power were to adopt the PJM adjustment for the on-peak and off-peak
45 values and thereby have 8760 values to calculate customer TC's and PPO bills, what
46 issues become evident?

47 A. From a customer perspective, using 8,760 hourly market values would create a
48 monthly PPO bill containing approximately 730 hours of market values multiplied
49 by the applicable hourly usage. The increased complexity of PPO bills would not
50 warrant the additional perceived value. The volatility of off-peak prices is not
51 substantial, as referenced by Messrs. Jones and Peters in their rebuttal testimony, as
52 compared to the on-peak prices which require, rightfully so, the application of the
53 PJM adjustment. Also, the amount of rework of Company programs is substantial
54 in light of the perceived customer benefits.

55 **IV. PPO ISSUES**

56 8. Q. Do you agree with NewEnergy's position that at a minimum, imbalance costs should
57 be included on PPO customers' invoices as part of the transmission and transmission
58 ancillary services line item charge?

59 A. In Docket Nos. 99-0120/99-0134, IP specifically applied for the direct pass through
60 of imbalance charges within its Rider PPO. The order in that case, however, did not
61 allow IP to pass these costs along to its PPO customers. NewEnergy's suggestion
62 that IP is consciously underpricing PPO service to the detriment of alternative supply
63 is inaccurate since IP is following the Commission's approved tariffs.

65 9. Q. Does this conclude your prepared surrebuttal testimony?

66 A. Yes, it does.